

APR 22 1957

LISTED MARCH 29th, 1957
1,000,000 Common Shares of \$1.00 par value each
Ticker abbreviation NTP
Dial ticker No. 534
Post section 5.6

TORONTO STOCK EXCHANGE

LISTING STATEMENT

NORTHERN TELEPHONE COMPANY, LIMITED

An operating Company incorporated under The Ontario Companies Act, April 5th, 1905.

1,000,000 COMMON SHARES WITH A PAR VALUE OF \$1.00 EACH
(Certificates interchangeably transferable at Toronto, Montreal and Winnipeg, Canada)

CAPITAL SECURITIES AS AT MARCH 1, 1957

By Supplementary Letters Patent dated the 26th day of November, 1956, the Company's Authorized Share Capital was varied and increased and the present Authorized Capital is \$7,000,000.00, consisting of 250,000 preference shares with a par value of \$20.00 each, issuable in series and 2,000,000 common shares with a par value of \$1.00 each. 75,000 5½% cumulative redeemable preference shares Series "A" and 1,000,000 common shares are issued and fully paid up as of the date of this application and accordingly its Share Capital may be increased by not exceeding a further \$4,500,000.00, any issue of which is subject to the approval of the Ontario Telephone Authority.

SHARES:	Authorized	Issued and Outstanding	To be Listed
5½% Cumulative Redeemable Preference Shares, Series "A", of Par Value of \$20.00 each	250,000	75,000	None
Common Shares of Par Value of \$1.00 each	2,000,000	1,000,000	1,000,000
FUNDED DEBT:			
Sinking Fund Debentures	(1)	\$1,465,000 (2)	

(1) The issue of additional debentures is restricted by a Trust Indenture dated the 1st day of September, 1951, and a First Supplemental Trust Indenture dated the 1st day of April, 1955, made between the Company and the Toronto General Trust Corporation.

(2) 475,000 4½% Series "A" due 1971 and 990,000 4% Series "B" due 1975. Interest on the Series "A" debentures is payable March 1st and September 1st, and on the Series "B" Debentures on April 1st and October 1st.

New Liskeard, Ontario.
March 21, 1957.

1. APPLICATION

NORTHERN TELEPHONE COMPANY, LIMITED (herein referred to as the "Company") hereby makes application for listing on the Toronto Stock Exchange of 1,000,000 shares of its Capital Stock of the par value of \$1.00 each, all of which are issued, outstanding, fully paid and non-assessable.

2. HISTORY AND BUSINESS

The Company was incorporated under The Ontario Companies Act on the 5th day of April, 1905, under the name of Temiskaming Telephone Company Limited and its name was changed to the present one by Supplementary Letters Patent dated the 8th day of May, 1928.

Subject to the provisions of any statute or regulation passed thereunder in that behalf for the time being in force, the Company is empowered to carry on the business of a telephone company.

The Company started business by opening its first exchange in New Liskeard on the 17th day of May, 1905, with two operators and a total staff of four employees. By the end of 1905, it had 125 telephones in two exchanges, New Liskeard and Cobalt, Ontario.

In the intervening years it has grown steadily, extending its lines to serve new communities as they developed, its progress keeping pace with the development of the north country it serves. It is now the largest independent telephone company in Ontario.

Ninety municipalities are now provided with telephone service in Northern Ontario and Northern Quebec, with exchanges at New Liskeard, Timmins, Kirkland Lake, Haileybury, South Porcupine, Cobalt, Englehart, Earlton, Elk Lake, Larder Lake, Kapuskasing, Nakina, Matachewan, Hearst, Latchford, Matheson, Mattice, Moonbeam, Atikokan, Virginiatown, Holtyre, Monteith, Porquis Junction, Connaught, Smooth Rock Falls, and in Quebec at Noranda-Rouyn, Amos, Duparquet, Senneterre, Tachereau, Clericy, Barraute, Rochebeaucourt and Destor.

Early in 1956 the Company purchased stock control of Norwesto Communications Company Limited, a company with head office in Kenora and which, with its subsidiaries, provides telephone service for a large area in North-Western Ontario.

This listing statement is a copy of the listing application made by the applicant company. The Exchange has received no consideration in connection with the issue of this listing statement other than the customary listing fee. The papers and exhibits submitted by the applicant company in support of the listing application are open for inspection at the general office of the Exchange.

The Company maintains long distance lines connecting certain of its central office exchanges, and other long distance connections are made through the Ontario Northland Railway Communications System and the Harricana and Gatineau Telephone Company Limited with whom agreements exist covering calls both within and without the territory served.

The population of the area for which the Company provides telephone service is approximately 185,000 and is based upon a diversity of interests including agriculture, lumbering, pulp and paper, mining and some manufacturing.

On March 1st, 1957, the Company had 489 employees.

3. INCORPORATION AND CAPITAL CHANGES

The Company was incorporated under The Ontario Companies Act on the 5th day of April, 1905, under the name of Temiskaming Telephone Company Limited, with an authorized capital of 25,000 shares of \$1.00 each. On the 12th day of April, 1907, Supplementary Letters Patent were granted providing for the increase of the capital stock of Temiskaming Telephone Company Limited from the sum of \$25,000.00 to the sum of \$200,000.00 by the issue of 175,000 shares of new stock of \$1.00 each.

On the 8th day of May, 1928, Supplementary Letters Patent were granted changing the name of the Company to Northern Telephone Company Limited and authorizing an increase of the capital stock of the Company from the sum of \$200,000.00 to the sum of \$500,000.00 by the creation of 300,000 shares of \$1.00 each.

On the 10th day of April, 1931, Supplementary Letters Patent were granted authorizing the Company to carry on its operations and undertakings in certain portions of the unorganized Districts of Algoma, Cochrane, Sudbury and Temiskaming, in the Province of Ontario.

On the 24th day of February, 1949, Supplementary Letters Patent were granted authorizing an increase of the capital of the Company from the sum of \$500,000.00 to the sum of \$1,000,000.00 by the creation of an additional 500,000 shares of \$1.00 par value each and authorizing the Company to carry on its operations and undertakings within the Districts of Rainy River, Kenora and Thunder Bay, in the Province of Ontario.

On the 26th day of November, 1956, Supplementary Letters Patent were granted varying the objects of the Company by deleting from the Letters Patent of Incorporation and the Supplementary Letters Patent, the objects of the Company and substituting therefor the following:

"To carry on the business of a telephone company;".

And by varying the provisions of the Letters Patent of Incorporation and Supplementary Letters Patent of the Company by designating the 1,000,000 shares with a par value of \$1.00 each as 1,000,000 common shares with a par value of \$1.00 each and increasing the authorized capital of the Company from \$1,000,000.00 to \$7,000,000.00:

1. By creating 250,000 preference shares with a par value of \$20.00 each, issuable in series.
2. By creating an additional 1,000,000 common shares with a par value of \$1.00 each ranking on a parity with the 1,000,000 common shares hereinbefore mentioned.

And further providing that the preference shares may be issued from time to time in one or more series.

4. NO PERSONAL LIABILITY—OPINION OF COUNSEL

The opinion of William Ralph Ramsay, (a Director of the Company), Solicitor, of New Liskeard, Ontario, as to the proceedings relating to incorporation and organization of the Company and as to the validity of the shares for which listing is applied and the fact that they are fully paid and non-assessable is filed herewith.

5. SHARES ISSUED DURING PAST TEN YEARS

<i>Date of Issue</i>	<i>No. of Common Shares</i>	<i>Amount Realized Per Share</i>	<i>Total Realized</i>
Issued and Fully Paid (December 31, 1945).....	477,960		
February 28, 1949 (Offering December 27, 1948) (1).....	209,482	\$1.00	\$209,482.00
January 6, 1950 (Offering December 27, 1948) (1).....	19,143	1.00	19,143.00
January 6, 1950 (Offering November 26, 1949) (2).....	215,388	1.00	215,388.00
January 8, 1951 (Offering November 26, 1949) (2).....	8,899	1.00	8,899.00
June 22, 1951 (Offering May 16, 1951) (3).....	49,346	1.50	74,019.00
July 18, 1951 (Offering June 20, 1951).....	19,782	1.50	29,673.00
	<u>1,000,000</u>		<u>\$556,604.00</u>

- NOTES: (1) The Company offered to the holders of its common shares the right to subscribe for one new common share for each two shares then held by them.
- (2) The Company offered to the holders of its common shares the right to subscribe for one new common share for each three common shares then held by them.
- (3) The Company offered to the holders of its common shares the right to subscribe for one new common share for each ten common shares then held by them.

To meet the demand for telephone service in the territories in which it operates, the Company, annually since 1948, has undertaken a programme to provide new construction and equipment including the conversion of manual exchanges to dial as this becomes advisable.

6. STOCK PROVISIONS AND VOTING POWERS

The 250,000 preference shares with a par value of \$20.00 each may be issued from time to time in one or more series and shall as a class have attached thereto the following:

- (1) Except in the case of Series "A" preference shares, each series of preference shares shall consist of such number of preference shares as may before the issue thereof be determined by the directors.
- (2) The directors of the Company may from time to time before the issue of any series of preference shares other than Series "A" preference shares fix the designation, preferences, rights, conditions, restrictions, limitations or prohibitions attaching to the shares of each series of preference shares.

In the event of any distribution of assets or property among its shareholders, no assets or property of the Company shall be distributed to the holders of any shares of the Company ranking prior to the preference shares until there has been paid to the holders of the preference shares a sum equal to the then current redemption price plus a sum equal to all unpaid dividends thereon. If upon any distribution of assets among its shareholders there is insufficient to pay holders of preference shares in full then all of the assets shall be distributed rateably among them. No dividends shall be declared or paid on any shares ranking prior to the preference shares unless all accrued dividends on the preference shares have been declared and paid.

Subject to the provisions in the Supplementary Letters Patent of the Company dated the 26th day of November, 1956, preference shares of any series are subject to redemption at such times, at such prices and upon such terms and conditions as may be attached thereto. In case of the redemption of part only of any series of preference shares at any time outstanding, the shares of such series to be redeemed shall be selected by lot. The preference shares are redeemable on thirty days' notice and any holder of preference shares may waive in writing the giving of notice of redemption to him. The Company may purchase preference shares for cancellation in the market or by tender at the lowest price at which in the opinion of the directors of the Company such shares are obtainable, but the price paid for any preference share shall not exceed a sum equal to the then current redemption price of such share plus a sum equal to all unpaid dividends accrued thereon.

An application for Supplementary Letters Patent to delete or vary any preference, right, condition, restriction, limitation or prohibition attaching to the preference shares or to create preference shares ranking in priority to or on a parity with the preference shares may be given by at least two-thirds (2/3) of the votes cast at a meeting of the holders of the outstanding preference shares duly called for that purpose.

The common shares shall be subject to the prior preferences, rights, conditions, restrictions, limitations and prohibitions attaching to the preference shares.

The first series of the said class of preference shares which are designated 5 1/2% cumulative redeemable preference shares, Series "A", have attached thereto additional preferences, rights, conditions, restrictions, limitations and prohibitions. The holders of Series "A" preference shares are entitled to receive if, as and when declared by the directors of the Company, fixed cumulative preferential cash dividends at the rate of 5 1/2% per annum payable quarterly. They are not entitled to any other dividends.

Series "A" preference shares may be redeemed on payment for each of the amount to be redeemed plus a premium, the amount of which is determined by the date of redemption. For example, a premium of 5% of the amount paid up thereon is payable with respect to Series "A" preference shares redeemed on or before the 1st day of January, A.D. 1960.

So long as any of the Series "A" preference shares are outstanding, the Company shall not issue any preference shares in excess of 75,000 Series "A" preference shares unless the average yearly consolidated net earnings of the Company during any period of twenty-four successive calendar months ending within a period of six calendar months next preceding the issue of such preference shares have been not less than twice the total yearly dividend requirements on the preference shares then outstanding; a report of the Auditor for the time being of the Company as to whether the Company is or is not entitled hereunder to issue any preference shares shall be conclusive and binding.

No application for Supplementary Letters Patent to delete or vary any preference, right, condition, restriction, limitation, or prohibition attaching to the Series "A" preference shares and not to the preference shares as a class shall be made by the Company until such application has been authorized by at least two-thirds (2/3) of the votes cast at a meeting of the holders of the outstanding Series "A" preference shares duly called for that purpose, such authorization to be in addition to any other authorization required by any Supplementary Letters Patent issued to the Company or by law.

The holders of the preference shares and the common shares of the Company will be entitled to one (1) vote for each such share held at any general meeting of the Company.

7. DIVIDEND RECORD

The Company has paid continuous dividends on its common shares since 1910. Dividends have been payable quarterly on the 15th day of January, 15th day of April, 15th day of July, and 15th day of October in each year.

Year	January 15th	April 15th	July 15th	October 15th	Amount
1946	2 1/2%	2 1/2%	2 1/2%	2 1/2%	\$47,796.00
1947	2 1/2%	2 1/2%	2 1/2%	2 1/2%	47,796.00
1948	2 1/2%	2 1/2%	2 1/2%	2 1/2%	47,796.00
1949	2 1/2%	2%	2%	2%	53,195.52
1950	2%	2%	2%	2%	69,067.22
1951	2%	2%	2%	2%	76,661.26
1952	2%	2%	2%	2%	80,000.00
1953	2%	2%	2%	2%	80,000.00
1954	2%	2%	2%	2%	80,000.00
1955	2%	2%	2%	3%	90,000.00
1956	2%	2 1/2%	2 1/2%	2 1/2%	95,000.00

NOTE: (The first dividend on the 5 1/2% cumulative redeemable preference shares, Series "A", will be thirty-eight cents (38c) per share and is payable on April 1st, 1957.)

8.

RECORD OF PROPERTIES

On March 1st, 1957, the Company owned 35 buildings including exchange buildings, warehouses and garages. It has 1,831 miles of pole lines and 82,277 miles of wire.

The Company owns the buildings housing its exchanges in most of the principal municipalities which it serves and in other exchanges the premises are leased.

9.

SUBSIDIARY COMPANIES

Northern Telephone Company, Limited owns the controlling interest in Norwesto Enterprises Limited.

Norwesto Communications Co. Limited, incorporated under the Ontario Companies Act on March 4th, 1952, operating a radio telephone and general public communication service, head office at Kenora, Ontario; authorized capital 100,000 shares without par value, the aggregate consideration therefor not to exceed \$1,000,000.00.

Supplementary Letters Patent dated the 26th day of November, 1956, changing the name of the Company from Norwesto Communications Co. Limited to Norwesto Enterprises Limited; varying the objects and increasing the authorized capital of the Company by creating an additional 100,000 shares without par value, ranking on a parity with the existing 100,000 shares of the Company; the 200,000 shares not to be issued for a consideration exceeding in amount or value \$2,000,000.00.

Norwesto Enterprises Limited owns all the issued and outstanding shares of Norwesto Communications Limited.

Norwesto Communications Limited was incorporated under the Ontario Companies Act on June 9th, 1948, as a private Company and is authorized to operate a general public communications service using all methods of communication other than land lines including radio telephone and radio telegraph equipment of all types. The capital of the Company was originally divided into 80,000 cumulative redeemable preference shares of the par value of \$1.00 each and 20,000 common shares without par value, the consideration for the said common shares without par value not to exceed the sum of \$1.00 for each share.

By a By-law No. 4 of this Company, 5,000 of the unissued preference shares of the Company were converted into common shares without par value providing that they should not exceed in amount or value the sum of \$1.00 per share.

Supplementary Letters Patent were issued on the 26th day of April, 1951, increasing the capital stock of this Company by the creation of an additional 200,000 cumulative redeemable preference shares of the par value of \$1.00 each, ranking *pari passu* with the existing cumulative redeemable preference shares; and creating an additional 50,000 common shares without par value, the aggregate consideration for the additional common shares not to exceed \$50,000.00.

Supplementary Letters Patent were issued on the 15th day of November, 1956, varying the objects of this Company to provide for the operation of a general public communications service using all methods of communication including, without limiting the generality of the foregoing, (1) radio telephone equipment of all types; and (2) radio telegraph equipment of all types.

Norwesto Communications Limited operates the telephone system at Red Lake, Ontario.

On February 14th, 1956, Northern Telephone Company, Limited purchased 52,000 shares of Norwesto Enterprises Limited (at that time Norwesto Communications Co. Limited).

Of the 200,000 shares authorized, 100,000 shares were issued and outstanding as of December 31st, 1956.

CAPITAL STRUCTURE AS AT DECEMBER 31, 1956

<i>Norwesto Enterprises Limited:</i>	<i>Authorized</i>	<i>Issued</i>
200,000 common shares no par value	200,000	100,000
<i>Norwesto Communications Limited:</i>		
275,000 5% cumulative redeemable preference shares of the par value of \$1.00 each.....	275,000	275,000
75,000 common shares, no par value.....	75,000	75,000

NOTE: Norwesto Communications Limited, as of December 31st, 1956, owned all the issued shares of Red Lake Telephone Company Limited and the Charter of this latter company was surrendered and this company will be dissolved on the 8th day of April, 1957.

10.

FUNDED DEBT

The funded debt of the Company consists of:

Sinking Fund Debentures:

20-Year Sinking Fund 4½% Debentures Series
"A" due September 1, 1971

Authorized.....	\$500,000.00
Redeemed.....	25,000.00

\$ 475,000.00 \$ 475,000.00

20-Year Sinking Fund 4% Debentures Series "B"
due April 1, 1957

Authorized.....	\$1,000,000.00
Redeemed.....	10,000.00

\$ 990,000.00

Less: Purchased and held for Sinking Fund Pay-
ment due April 1, 1957.....

12,000.00

978,000.00 978,000.00
\$1,453,000.00 \$1,453,000.00

The above debentures are secured by a Trust Indenture dated as of the 1st day of September, 1951, made by the Company to the Toronto General Trust Corporation and by a First Supplemental Trust Indenture dated as of the 1st day of April, 1955, made by the Company to the Toronto General Trust Corporation. A sinking fund has been provided for the above debentures.

11. OPTIONS, UNDERWRITINGS, ETC.

There are no option, underwriting or sale agreements or other contracts or agreements of like nature outstanding with respect to any issued or unissued shares.

12. LISTING ON OTHER STOCK EXCHANGES

No shares of the Company are at present listed on any stock exchange.

13. STATUS UNDER SECURITY ACT

From time to time the Company has filed offering prospectuses with The Securities Commissioner (Ontario). The most recent filing was in November, 1956, when the Company offered for sale \$1,500,000 5½% cumulative redeemable preference shares, Series "A", par value \$20.00 each.

14. FISCAL YEAR

The Company's fiscal year ends on the 31st day of December in each year.

15. ANNUAL MEETING

The Company's By-Laws as amended at the last Annual Meeting of Shareholders provide that:

"The Annual Meeting of the Shareholders be held at the Head Office of the Company at New Liskeard, Ontario, or such other place within Ontario as the Board of Directors may determine, and at such time in each year as the Board may determine but not later than April 30th, in any year, for the purpose of hearing and receiving the reports and statements required by The Corporations Act to be read at and laid before the Company at an Annual Meeting, electing Directors, appointing the Auditor or Auditors and fixing or authorizing the Board to fix his or their remuneration and for the transaction of such other business as may properly be brought before the meeting."

16. HEAD AND OTHER OFFICES

The head office of the Company is located at New Liskeard, Ontario.

17. TRANSFER AGENT

Crown Trust Company, 302 Bay Street, Toronto, Ontario, is the Transfer Agent of the Company. The register of shareholders and the register of transfers is kept at the principal office of Crown Trust Company at Toronto. The branch registers of transfers are kept at the principal office of Crown Trust Company in each of the cities of Montreal and Winnipeg. The shares of the Company are interchangeably transferable at the principal offices of Crown Trust Company in any of the cities of Toronto, Montreal or Winnipeg, Canada.

18. TRANSFER FEE

No fee is charged on stock transfers other than the customary Government stock transfer taxes.

19. REGISTRAR

Crown Trust Company at its offices in Toronto, Montreal and Winnipeg, is the Registrar of the Company's shares.

20. AUDITORS

The Auditors of the Company are Kemp and Kemp, Chartered Accountants of New Liskeard, Ontario.

21. OFFICERS

The officers of the Company are:

Fergus Lawrence Hutchinson	- - -	President
Donald McKelvie	- - - - -	Vice-President and General Manager
John Marvin Wickett	- - - - -	Secretary-Treasurer

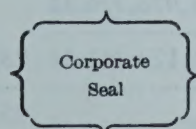
22. DIRECTORS

The Directors of the Company are:

Fergus Lawrence Hutchinson	- - -	Beavis Terrace, New Liskeard, Ontario
Donald McKelvie	- - - - -	Niven Street, New Liskeard, Ontario
William Ralph Ramsay	- - - - -	Farah Avenue, New Liskeard, Ontario
Richard Allan Hugh Taylor	- - -	Mary Street, New Liskeard, Ontario
Lorne Leonard Woods	- - - - -	John Street, New Liskeard, Ontario

CERTIFICATE

Pursuant to a resolution duly passed by its Board of Directors the Applicant Company hereby applies for listing of the above mentioned securities on the Toronto Stock Exchange, and the undersigned officers thereof hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.



NORTHERN TELEPHONE COMPANY, LIMITED

"F. L. HUTCHINSON", *President.*

"J. M. WICKETT", *Secretary-Treasurer.*

FINANCIAL STATEMENTS

NORTHERN TELEPHONE COMPANY LIMITED

BALANCE SHEET AS AT 31st DECEMBER, 1956

ASSETS

CURRENT:

Cash on hand and in banks or with trust company.....	\$ 302,859.43	
Investment in Dominion of Canada short term bonds (at cost).....	198,250.00	
Accounts receivable for services.....	266,436.47	
Accounts receivable—other.....	22,048.51	
Materials and supplies on hand as determined and certified by the management and valued at not more than cost.....	160,234.07	
Advance to subsidiary company.....	29,804.69	
Prepaid expenses.....	21,400.00	
TOTAL CURRENT ASSETS		\$1,001,033.17
Investment in subsidiary company (at cost) (<i>see Note 2</i>).....		260,000.00

FIXED (at cost):

Real estate.....	\$ 87,918.02	
Buildings.....	443,941.72	
Central office equipment.....	1,444,087.97	
Subscribers' equipment.....	1,623,224.45	
Poles, wire and cable equipment.....	2,310,822.87	
Vehicles.....	142,997.00	
Tools.....	32,169.81	
Office equipment and fixtures.....	80,877.29	
TOTAL FIXED ASSETS.....	\$6,166,039.13	
Less: Accumulated depreciation.....	2,228,223.25	
FIXED ASSETS (Net).....		3,937,815.88

Construction in progress..... 267,559.88

Debenture discount and expense—deferred portion..... 34,750.00

TOTAL ASSETS..... \$5,501,158.93

LIABILITIES

CURRENT:

Accounts payable and accrued charges.....	\$ 235,206.07	
Dividend payable.....	25,000.00	
Dividend unclaimed.....	1,944.82	
Income taxes payable.....	79,000.00	
Wages and salaries payable.....	33,262.70	
Debenture interest accrued.....	16,900.00	
TOTAL CURRENT LIABILITIES.....		\$ 391,313.59

FUNDED DEBT:

20-Year Sinking Fund 4½% Debentures, Series "A"—due September 1, 1971:		
Authorized.....	\$ 500,000.00	
Redeemed.....	25,000.00	
	<u>\$ 475,000.00</u>	
20-Year Sinking Fund 4% Debentures, Series "B", due April 1, 1975:		
Authorized.....	\$1,000,000.00	
Redeemed.....	10,000.00	
	<u>\$ 990,000.00</u>	
Less: Purchased and held for sinking fund payment due April 1, 1957.....	12,000.00	
	<u>\$ 978,000.00</u>	
TOTAL FUNDED DEBT.....		1,453,000.00

CAPITAL STOCK AND PREMIUM ON SHARES:

Preference Shares—with a par value of \$20.00 each, issuable in series (<i>see Note 1</i>).		
Authorized: 250,000 shares.....	\$5,000,000.00	
Issued: 75,000 shares 5½% cumulative redeemable preference shares, Series "A".....	1,500,000.00	
Common Shares—with a par value of \$1.00 each.		
Authorized: 2,000,000 shares.		
Issued and fully paid, 1,000,000 shares.....	1,000,000.00	
Premium on common shares.....	34,564.00	
	<u>\$2,534,564.00</u>	

CAPITAL SURPLUS arising from sale of assets..... \$ 46,055.02

EARNED SURPLUS..... 1,076,226.32

TOTAL CAPITAL AND SURPLUS*..... \$1,122,281.34 *3,656,845.34

TOTAL CAPITAL AND LIABILITIES..... \$5,501,158.93

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER, 1956

Note 1 — Changes in Capital Stock:

During the year the authorized capital stock of the company was increased by the creation of 250,000 preference shares of the par value of \$20.00 each. 75,000 of such shares were designated as 5½% cumulative redeemable preference shares, Series "A" and were sold for cash. The balance of 175,000 shares are available for issue at a later date.

The authorized common share capital was also increased to 2,000,000 shares of \$1.00 par value, but none of the additional 1,000,000 shares were sold during the year.

Note 2 — Subsidiary Company:

In accordance with Section 89 of The Corporations Act (Ontario) the following information is submitted with respect to Norwesto Communications Company Limited, a controlled company not consolidated:

- (1) Because of a substantial (48%) outside interest, it is not considered desirable to consolidate the accounts of that company.
- (2) Losses of Norwesto Communications Company Limited for the year ended 30th November, 1956 (which is also the period since acquisition) attributable to the shares owned by Northern Telephone Company Limited amounted to \$14,579.26.

Note 3 — Contingent Liability:

The company had guaranteed a bank overdraft of Norwesto Communications Limited, for an amount not to exceed \$50,000.00. At 31st December, 1956, the net overdraft of Norwesto Communications Limited was \$41,257.27.

Approved on behalf of the directors:

"F. L. HUTCHINSON", *Director.*

"D. McKELVIE", *Director.*

NORTHERN TELEPHONE COMPANY LIMITED COMPARATIVE INCOME STATEMENT FOR YEARS ENDING 31st DECEMBER, 1956

	1956	1955	1954	1953	1952
Gross Revenue, including Sundry Income.....	\$2,324,820.98	\$2,082,830.61	\$1,953,411.24	\$1,829,096.90	\$1,723,252.81
Operating expenses.....	1,513,556.01	1,341,561.02	1,247,395.93	1,194,443.47	1,223,472.98
Profit before Interest, Depreciation and Income Taxes.....	\$ 811,264.97	\$ 741,269.59	\$ 706,015.31	\$ 634,653.43	\$ 499,779.83
Interest charges.....	\$ 60,358.06	\$ 50,244.52	\$ 29,661.70	\$ 31,181.68	\$ 23,960.78
Depreciation.....	279,937.66	233,751.29	207,671.31	186,490.16	173,454.08
Debenture discount and commission amortized.....	2,125.00	1,875.00	1,125.00	1,125.00	1,125.00
	\$ 342,420.72	\$ 285,870.81	\$ 238,458.01	\$ 218,796.84	\$ 198,539.86
Net Income before income taxes.....	\$ 468,844.25	\$ 455,398.78	\$ 467,557.30	\$ 415,856.59	\$ 301,239.97
Provision for income taxes.....	185,551.79	201,002.00	219,003.11	216,106.62	174,144.88
NET INCOME FOR YEAR.....	\$ 283,292.46	\$ 254,396.78	\$ 248,554.19	\$ 199,749.97	\$ 127,095.09

1. The above statements are in accordance with the published financial statements of the Company except that the provisions for income taxes have been changed to reflect the actual assessments of income tax applicable to the particular years where any significant amount was involved. The years 1953, 1954 and 1955 have not been assessed at this date.
2. The operating results of Norwesto Communications Company Limited, a subsidiary company, are not included above. (See also Note 3 to accompanying Balance Sheet.)

AUDITORS' REPORT

New Liskeard, Ontario.
March 15th, 1957.

To the Shareholders of
Northern Telephone Company Limited:

We have examined the balance sheet of Northern Telephone Company Limited as at 31st December, 1956, and the comparative income statement for the five years ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and comparative income statement, supplemented by appended notes, present fairly the financial position of the Company as at 31st December, 1956, and the results of its operations for the five year period.

"KEMP & KEMP,"
Chartered Accountants.

STATEMENT SHOWING NUMBER OF SHAREHOLDERS as of March 8th, 1957

Number	Shares
206 Holders of 1 — 100 share lots.....	14,874
133 " " 101 — 200 " "	23,014
67 " " 201 — 300 " "	18,186
32 " " 301 — 400 " "	11,297
63 " " 401 — 500 " "	30,777
88 " " 501 — 1000 " "	71,463
170 " " 101 — up " "	829,759
759 Stockholders	Total shares..... 999,370

